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# Job Quality Premium: Trend Changes in Job Quality in South Korea

Sangwoo Lee

University of Warwick

Institute for Employment Research

WARWICK INSTITUTE *for*  
EMPLOYMENT RESEARCH



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# Growing Importance of Job Quality



## Policy Discourse

Increased policy discourse surrounding the objective of ‘more and better jobs’ during the last two decades



## Academic Research

The volume of studies on job quality has substantially grown since 2000

Strong relationship between job quality and general well-being



## UN's SDG

In 2015, ‘Decent Work’ became an integral element of the new 2030 Agenda for the United Nation’s Sustainable Development (SDG 8)

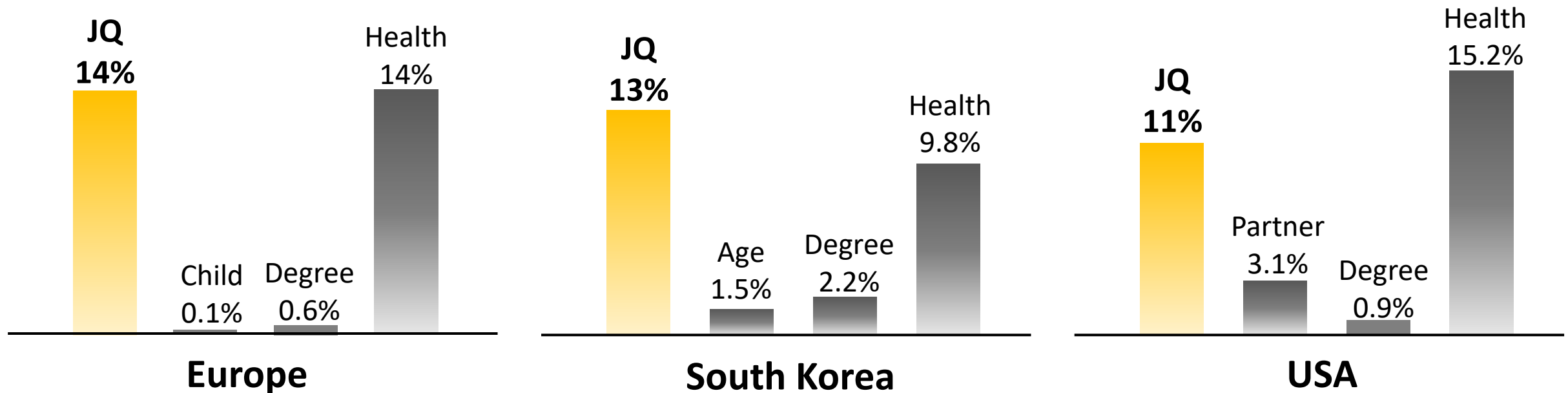


# Publications on “Job Quality”

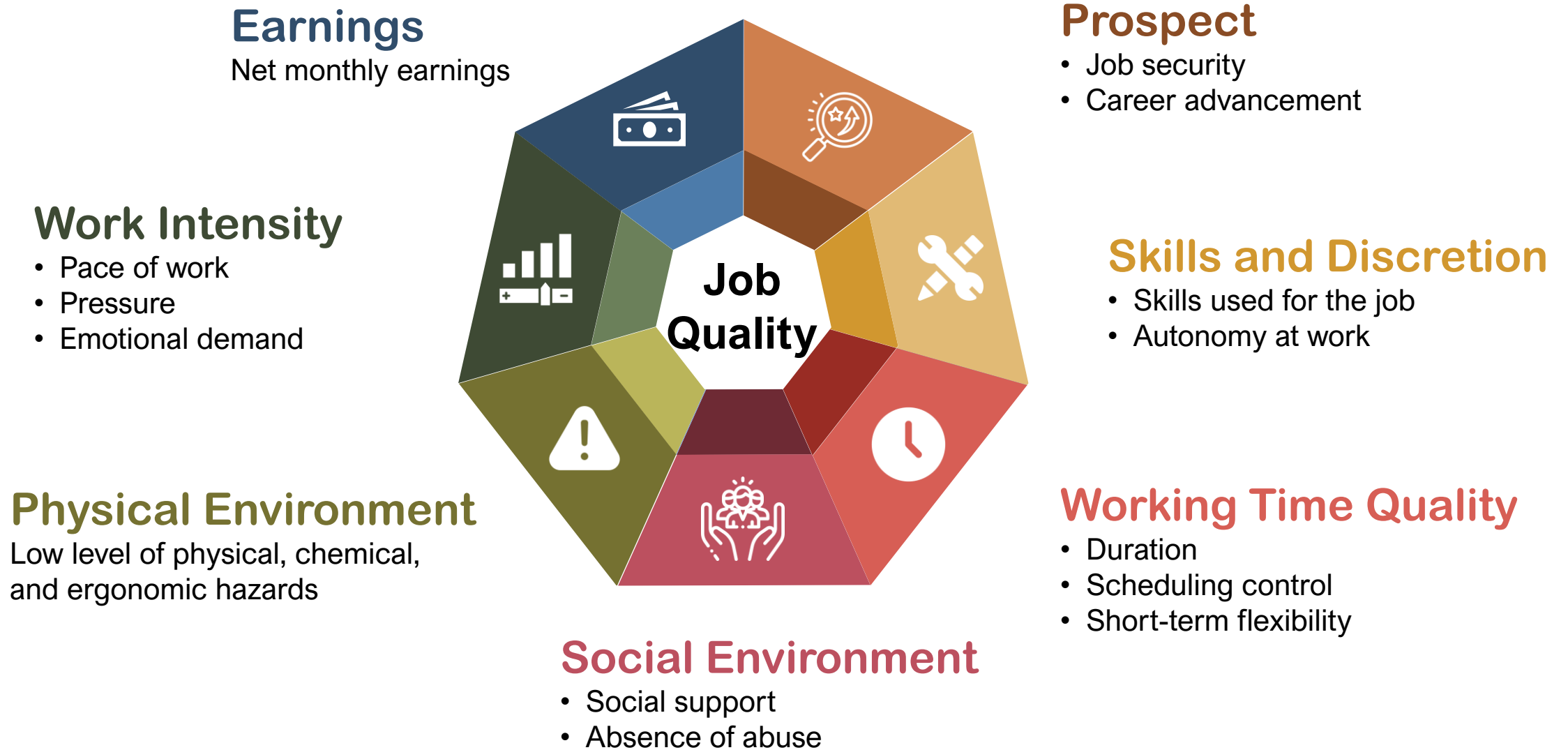


# Importance of Job Quality: Empirical Evidence

**Job Quality** explains more variation of individuals' well-being than any other life-related indicators, e.g., marital status, whether having a university degree, whether having a child, age, etc.



# What is “Job Quality”?



# What is “Job Quality”?



- European Working Conditions Survey (1990 – 2021)
- Korean Working Conditions Survey (2006 – 2020)
- American Working Conditions Survey (2015, 2018)

Other Job Quality Indices include:

- ‘Job Quality’ – OECD
- ‘Good Work Index’ – CIPD (Chartered Institute of Personnel and Development)

# **Job Quality in South Korea: Progress or Decline?**

- **Trend of Job Quality**
- **Job Quality Premium & Gender Job Quality Gap**





# Research Questions

1

Has South Korea become a better place for workers?

2

Has the job quality premium for higher education diminished?



# South Korea

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## Positive aspects



High real GDP per capita growth path

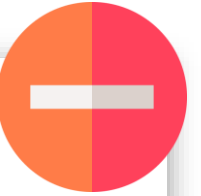
**63%** increase (2000-2020)

Highly educated workforce

**69%** of population (25-34) has a degree

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## Negative aspects



Highest gender pay gap

**31%** difference

Longest working hours among richer nations

**1,915** hrs/year (UK:1,497, Japan: 1,607)



# Data

## The Korean Working Conditions Survey (KWCS)

- The comprehensive data on job quality are available from 2006 (by OSHRI)
- Repeated cross-sectional data
- Target Population: Individuals over 15 years old in employment

Wave: Year	1st: 2006	2nd: 2010	3rd: 2011	4th: 2014	5th: 2017	6th: 2020
Number of Samples	10,043	10,019	50,000	50,007	50,205	50,538



# Empirical Strategy (1)

## RQ1. Trend of Job Quality

$$JQ_i = \alpha + \beta year_i + \varepsilon_i$$

where  $JQ_i$  = Each Job Quality Domain  
 $year_i$  = Survey year

# Trend of Job Quality

**Table 2.** Job Quality Trend

	Log of Earnings	<i>Prospects</i>	<i>Skills and Discretion</i>	<i>Social Env</i>	<i>Physical Env</i>	<i>Work Intensity</i>	<i>WTQ</i>
2006	5.18	71.4	45.3	-	80.9	25.3	54.2
2010	5.04	-	44.2	69.4	80.4	21.9	56.8
2011	5.15	-	43.1	69.4	80.4	25.2	54.9
2014	4.91	71.4	42.6	68.5	79.4	24.7	57.7
2017	5.31	69.8	43.7	68.2	77.0	29.0	66.1
2020	5.28	66.0	42.6	67.4	81.3	26.0	68.5
Pooled	5.15	69.5	43.54	68.53	79.9	25.4	60.0
(sd)	(0.72)	(12.87)	(10.14)	(14.49)	(11.26)	(10.35)	(14.93)
$\Delta$ 2006 to 2020	0.01*	-0.34*	-0.15*	-0.23*	-0.08*	0.24*	1.13*

*Note: For the changes from 2006 to 2020, the regression coefficients are provided, and the regression equations used are equation 1 above. The mean change over time is the coefficient of  $year_i$ , or  $\beta$  (\* $p < 0.05$ ). Observations from 2010 and 2011 for Prospects and ones from 2006 for Social Environment have been excluded from the analyses due to inconsistent response categories and questions used in those specific years.*

# Job Quality Trend



Korea 2006 - 2020

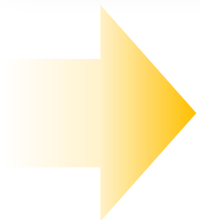
# Implications

01

Although South Korea has experienced economic growth during the last two decades, job quality **has not necessarily improved** over time.

02

Job quality shows a quite different picture of the labour market than 'wage' only.

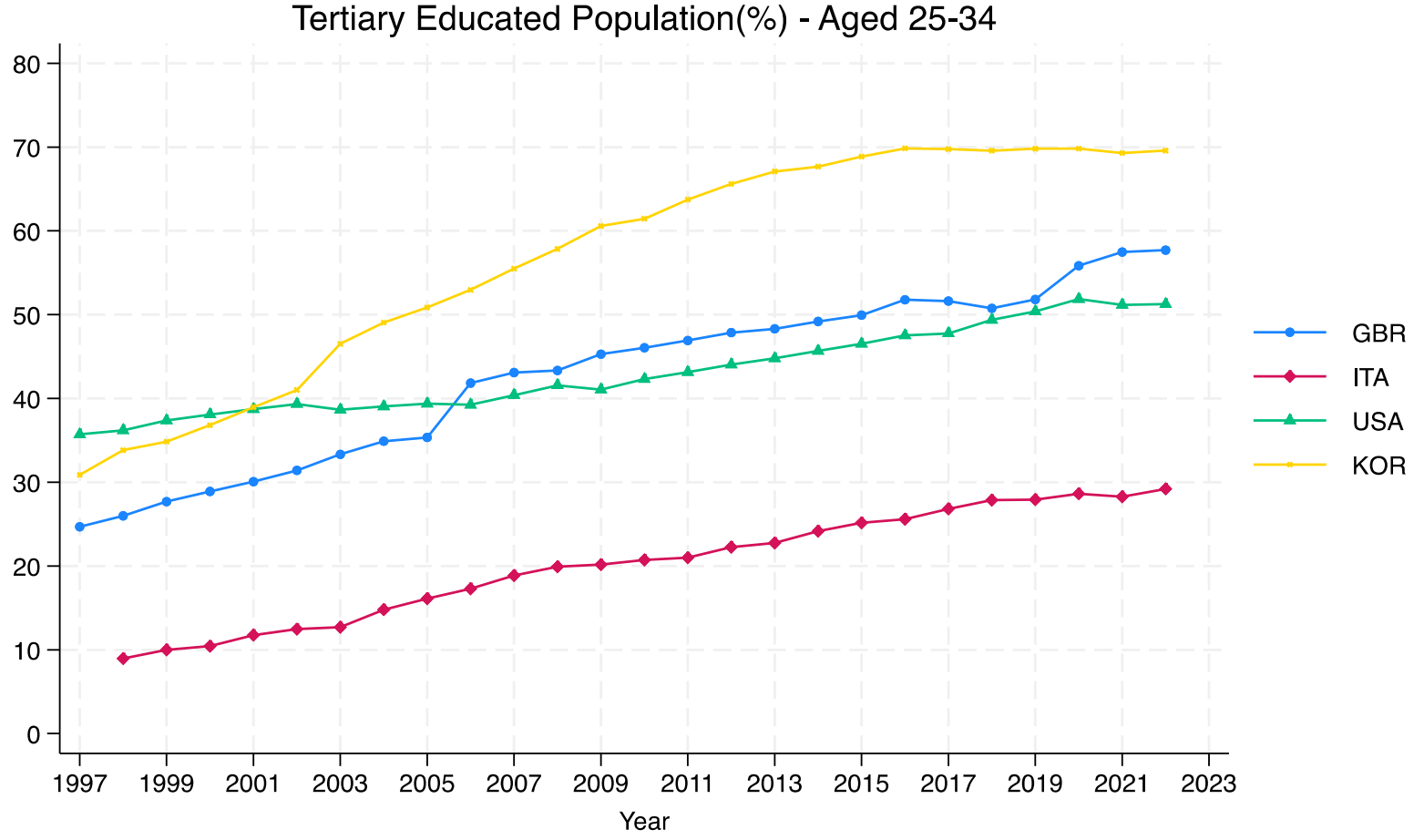


**This is why we need to investigate graduates' job quality as their labour market outcomes.**



# 2. Has the job quality premium for higher education diminished?

This question is timely given the soaring number of tertiary educated population globally





# Empirical Strategy (2)

## RQ2. Gender Job Quality Gap & Job Quality Premium

$$JQ_i = \alpha' + \beta_1 year_i + \beta_2 edu_i + \beta_3 edu_i \cdot year_i + \beta_4 male_i + \beta_5 male_i \cdot year_i + \beta_6 age_i + \beta_7 age_i^2 + \varepsilon'_i$$

# Graduates' Job Quality Premium

South Korea



Earnings

Prospects

Physical Environment

Social Environment

Working Time Quality

Skills & Discretion

Work Intensity

 : Decreasing graduate premium

# Gender Job Quality Gap



**Physical Environment**

**Social Environment**

**Working Time Quality**


**Intensity**



**Skills & Discretion**

**Prospects**

**Earnings**

 : Widening gender gap over time

 : Decreasing gender gap over time



# Results

1

Despite the rapid economic growth that Korea experienced in the past few decades, **only 2 out of 7 JQ domains improved** along with the macroeconomic prosperity (*Earnings and Working Time Quality*)

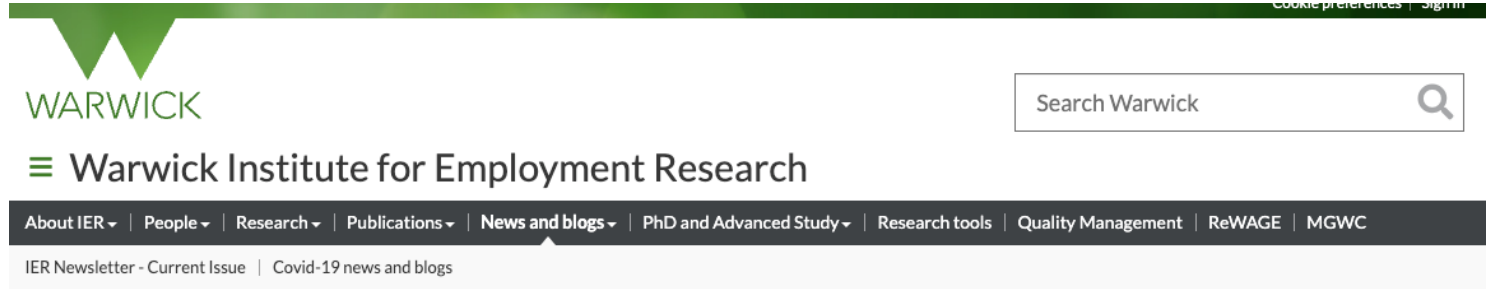
2

**Job quality premium for graduates**: 6 out of 7 JQ domains → Colleges provide wider benefits for graduates in the labour market beyond the wage premium. BUT, the premium (gap) shows a **downward** trend

3

Despite the well-documented large gender pay gap, **males do not consistently show higher job quality than females**. Gender gap has been **widening** though the gender earnings gap has been falling

# Job Quality as Graduates' Labour Market Outcomes



The image shows the top section of the Warwick Institute for Employment Research website. It features the Warwick logo (a green stylized 'W') and the text 'WARWICK' in green. Below this is the full name 'Warwick Institute for Employment Research'. A search bar with the text 'Search Warwick' and a magnifying glass icon is positioned to the right. A dark navigation bar contains several menu items: 'About IER', 'People', 'Research', 'Publications', 'News and blogs', 'PhD and Advanced Study', 'Research tools', 'Quality Management', 'ReWAGE', and 'MGWC'. Below the navigation bar, there are links for 'IER Newsletter - Current Issue' and 'Covid-19 news and blogs'.

## IER News & blogs

Show all news items

### Time to broaden the definition of graduates' labour market outcomes: Job quality premium - Blog by Sangwoo Lee



The quality of paid work has become an essential component of individuals' well-being in modern-day capitalism, and there has been a surge in policy discourse surrounding the objective of 'more and better jobs' (as articulated by the OECD) or 'decent work' (as outlined in the UN's Sustainable Development Goals) over the past two decades. Given the growing policy concern toward employment quality, coupled with the growing tertiary-educated population globally, exploring the wider benefits of higher education on the quality of individuals' work life, beyond the well-documented earnings premium, has become crucial to better understanding existing inequalities in the labour market. As individuals increasingly value intangible benefits, e.g., work-life balance, above tangible benefits, e.g., wage, when choosing their careers, it is now time to consider a broader definition of graduates' labour market outcomes with a concept of job quality.

#### The importance of job quality as graduates' labour market outcomes

Job quality is a multi-dimensional concept comprising various aspects that contribute to fulfilling workers' needs and expectations. Scholars and institutions often identify six or seven job quality domains, including earnings, job prospects, skills and discretion, social and physical environments, work intensity, and working time quality (or work-life balance). Despite the economic growth many countries experienced over recent decades, studies indicate that job quality has

Time to broaden the definition of graduates' labour market outcomes: 'Job quality premium'

Search for: "Job quality as graduates' labour market outcomes"



# Graduates' Labour Market Outcomes

## Traditional Measurements



- Wages
- Employment Status

More and more people nowadays consider trade-offs between tangible vs. intangible benefits when choosing a career.

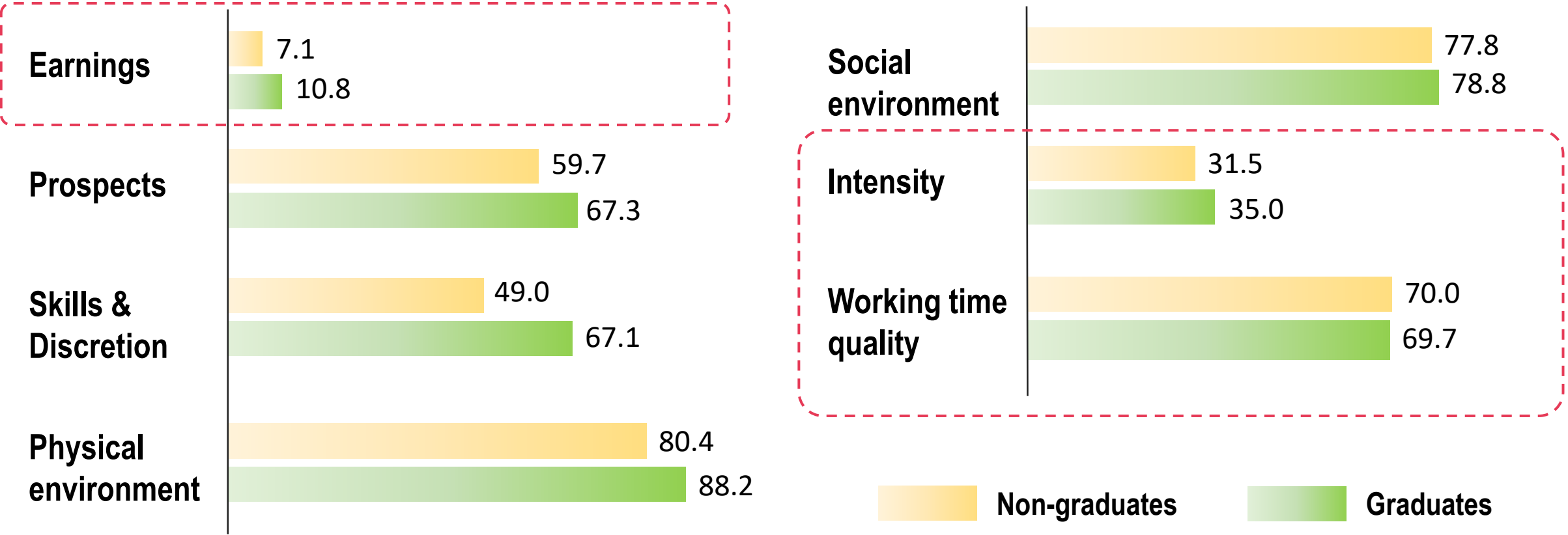
*"Flexibility and autonomy over the working day are now more important than financial reward for most workers (Business Insider, 2021)"*

*"56% of employees are willing to accept a lower-paid job in exchange for a better work-life balance (CIPD, 2023)"*

# Job Quality Premium: Why is it important?

Europe

Are we sure graduates have better quality jobs than non-graduates?



Source: Author's calculation based on the European Working Conditions Survey 2015

# What are the challenges?

01

Governments lack national-level surveys including a full range of JQ variables; hence, it is hard for them to detect and address any existing inequalities in the quality of employments.

02

Even in countries with national level surveys with JQ variables, it is hard to combine job quality information with either socio-biographical or socio-economic information.





# What should we do?

01

It will be important for social science to keep pace with the changes of job quality and to embed enquiry into job quality within general social science.

02

It is time for designers of general social surveys, panels, cohort studies and labour force surveys to allocate more resources, e.g., survey space, to measuring job quality for adult responses or graduates in work.

03

Job quality information should be linked to more detailed information on socio-biographical and socio-economic characteristics.



# For more information

**Dr Sangwoo Lee**

[sangwoo.lee@warwick.ac.uk](mailto:sangwoo.lee@warwick.ac.uk)

@sangw\_lee

@warwickier

**Prof Francis Green**

[francis.green@ucl.ac.uk](mailto:francis.green@ucl.ac.uk)

